

1 Bryan T. Glover (WSBA No. 51045)
2 STOEL RIVES LLP
3 600 University Street, Suite 3600
4 Seattle, WA 98101
5 Telephone: (206) 624-0900
6 Facsimile: (206) 386-7500
7 Email: bryan.glover@stoel.com

The Honorable Frederick P. Corbit
Chapter 11

8 Jamie P. Dreher
9 *Pro Hac Vice Application Pending*
10 Galen M. Gentry
11 *Pro Hac Vice Application Pending*
12 DOWNEY BRAND LLP
13 621 Capitol Mall, 18th Floor
14 Sacramento, CA 95814
15 Telephone: (916) 444-1000
16 Facsimile: (916) 444-2100
17 Email: jdreher@downeybrand.com
18 ggentry@downeybrand.com

19 *Attorneys for Creditor,*
20 *Raley's Arizona LLC d/b/a Bashas'*

21 UNITED STATES BANKRUPTCY COURT
22 EASTERN DISTRICT OF WASHINGTON

23 In re:

24 REFRESHING USA, LLC¹,
25 Debtor.

26 Lead Case No. 24-01863 (FPC)
Jointly Administered

DECLARATION OF GREG ASHLEY
IN SUPPORT OF INITIAL
OBJECTION TO POTENTIAL
ASSUMPTION OF EXECUTORY
CONTRACT

27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000
1001
1002
1003
1004
1005
1006
1007
1008
1009
1010
1011
1012
1013
1014
1015
1016
1017
1018
1019
1020
1021
1022
1023
1024
1025
1026
1027
1028
1029
1030
1031
1032
1033
1034
1035
1036
1037
1038
1039
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1050
1051
1052
1053
1054
1055
1056
1057
1058
1059
1060
1061
1062
1063
1064
1065
1066
1067
1068
1069
1070
1071
1072
1073
1074
1075
1076
1077
1078
1079
1080
1081
1082
1083
1084
1085
1086
1087
1088
1089
1090
1091
1092
1093
1094
1095
1096
1097
1098
1099
1100
1101
1102
1103
1104
1105
1106
1107
1108
1109
1110
1111
1112
1113
1114
1115
1116
1117
1118
1119
1120
1121
1122
1123
1124
1125
1126
1127
1128
1129
1130
1131
1132
1133
1134
1135
1136
1137
1138
1139
1140
1141
1142
1143
1144
1145
1146
1147
1148
1149
1150
1151
1152
1153
1154
1155
1156
1157
1158
1159
1160
1161
1162
1163
1164
1165
1166
1167
1168
1169
1170
1171
1172
1173
1174
1175
1176
1177
1178
1179
1180
1181
1182
1183
1184
1185
1186
1187
1188
1189
1190
1191
1192
1193
1194
1195
1196
1197
1198
1199
1200
1201
1202
1203
1204
1205
1206
1207
1208
1209
1210
1211
1212
1213
1214
1215
1216
1217
1218
1219
1220
1221
1222
1223
1224
1225
1226
1227
1228
1229
1230
1231
1232
1233
1234
1235
1236
1237
1238
1239
1240
1241
1242
1243
1244
1245
1246
1247
1248
1249
1250
1251
1252
1253
1254
1255
1256
1257
1258
1259
1260
1261
1262
1263
1264
1265
1266
1267
1268
1269
1270
1271
1272
1273
1274
1275
1276
1277
1278
1279
1280
1281
1282
1283
1284
1285
1286
1287
1288
1289
1290
1291
1292
1293
1294
1295
1296
1297
1298
1299
1300
1301
1302
1303
1304
1305
1306
1307
1308
1309
1310
1311
1312
1313
1314
1315
1316
1317
1318
1319
1320
1321
1322
1323
1324
1325
1326
1327
1328
1329
1330
1331
1332
1333
1334
1335
1336
1337
1338
1339
1340
1341
1342
1343
1344
1345
1346
1347
1348
1349
1350
1351
1352
1353
1354
1355
1356
1357
1358
1359
1360
1361
1362
1363
1364
1365
1366
1367
1368
1369
1370
1371
1372
1373
1374
1375
1376
1377
1378
1379
1380
1381
1382
1383
1384
1385
1386
1387
1388
1389
1390
1391
1392
1393
1394
1395
1396
1397
1398
1399
1400
1401
1402
1403
1404
1405
1406
1407
1408
1409
1410
1411
1412
1413
1414
1415
1416
1417
1418
1419
1420
1421
1422
1423
1424
1425
1426
1427
1428
1429
1430
1431
1432
1433
1434
1435
1436
1437
1438
1439
1440
1441
1442
1443
1444
1445
1446
1447
1448
1449
1450
1451
1452
1453
1454
1455
1456
1457
1458
1459
1460
1461
1462
1463
1464
1465
1466
1467
1468
1469
1470
1471
1472
1473
1474
1475
1476
1477
1478
1479
1480
1481
1482
1483
1484
1485
1486
1487
1488
1489
1490
1491
1492
1493
1494
1495
1496
1497
1498
1499
1500
1501
1502
1503
1504
1505
1506
1507
1508
1509
1510
1511
1512
1513
1514
1515
1516
1517
1518
1519
1520
1521
1522
1523
1524
1525
1526
1527
1528
1529
1530
1531
1532
1533
1534
1535
1536
1537
1538
1539
1540
1541
1542
1543
1544
1545
1546
1547
1548
1549
1550
1551
1552
1553
1554
1555
1556
1557
1558
1559
1560
1561
1562
1563
1564
1565
1566
1567
1568
1569
1570
1571
1572
1573
1574
1575
1576
1577
1578
1579
1580
1581
1582
1583
1584
1585
1586
1587
1588
1589
1590
1591
1592
1593
1594
1595
1596
1597
1598
1599
1600
1601
1602
1603
1604
1605
1606
1607
1608
1609
1610
1611
1612
1613
1614
1615
1616
1617
1618
1619
1620
1621
1622
1623
1624
1625
1626
1627
1628
1629
1630
1631
1632
1633
1634
1635
1636
1637
1638
1639
1640
1641
1642
1643
1644
1645
1646
1647
1648
1649
1650
1651
1652
1653
1654
1655
1656
1657
1658
1659
1660
1661
1662
1663
1664
1665
1666
1667
1668
1669
1670
1671
1672
1673
1674
1675
1676
1677
1678
1679
1680
1681
1682
1683
1684
1685
1686
1687
1688
1689
1690
1691
1692
1693
1694
1695
1696
1697
1698
1699
1700
1701
1702
1703
1704
1705
1706
1707
1708
1709
1710
1711
1712
1713
1714
1715
1716
1717
1718
1719
1720
1721
1722
1723
1724
1725
1726
1727
1728
1729
1730
1731
1732
1733
1734
1735
1736
1737
1738
1739
1740
1741
1742
1743
1744
1745
1746
1747
1748
1749
1750
1751
1752
1753
1754
1755
1756
1757
1758
1759
1760
1761
1762
1763
1764
1765
1766
1767
1768
1769
1770
1771
1772
1773
1774
1775
1776
1777
1778
1779
1780
1781
1782
1783
1784
1785
1786
1787
1788
1789
1790
1791
1792
1793
1794
1795
1796
1797
1798
1799
1800
1801
1802
1803
1804
1805
1806
1807
1808
1809
1810
1811
1812
1813
1814
1815
1816
1817
1818
1819
1820
1821
1822
1823
1824
1825
1826
1827
1828
1829
1830
1831
1832
1833
1834
1835
1836
1837
1838
1839
1840
1841
1842
1843
1844
1845
1846
1847
1848
1849
1850
1851
1852
1853
1854
1855
1856
1857
1858
1859
1860
1861
1862
1863
1864
1865
1866
1867
1868
1869
1870
1871
1872
1873
1874
1875
1876
1877
1878
1879
1880
1881
1882
1883
1884
1885
1886
1887
1888
1889
1890
1891
1892
1893
1894
1895
1896
1897
1898
1899
1900
1901
1902
1903
1904
1905
1906
1907
1908
1909
1910
1911
1912
1913
1914
1915
1916
1917
1918
1919
1920
1921
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
2046
2047
2048
2049
2050
2051
2052
2053
2054
2055
2056
2057
2058
2059
2060
2061
2062
2063
2064
2065
2066
2067
2068
2069
2070
2071
2072
2073
2074
2075
2076
2077
2078
2079
2080
2081
2082
2083
2084
2085
2086
2087
2088
2089
2090
2091
2092
2093
2094
2095
2096
2097
2098
2099
2100
2101
2102
2103
2104
2105
2106
2107
2108
2109
2110
2111
2112
2113
2114
2115
2116
2117
2118
2119
2120
2121
2122
2123
2124
2125
2126
2127
2128
2129
2130
2131
2132
2133
2134
2135
2136
2137
2138
2139
2140
2141

1 I, Greg Ashley, declare as follows:

2 1. I am an employee of Creditor Raley's Arizona, LLC d/b/a Bashas'
3 ("Bashas'") in the above-entitled action. Specifically, I am Sr. Manager
4 Operations & Labor Optimization. I have personal knowledge of the facts stated in
5 this declaration and, if sworn as a witness, could and would competently testify
6 thereto.

7 2. I have access to all of Bashas' records, files, and communications that
8 are related to its business relationship with Water Station Management, LLC (the
9 "Debtor"), including, but not limited to the Water Station Location Agreement,
10 dated February 12, 2024 (the "Agreement"), by and between the Debtor and
11 Bashas'. Based on my review of such records and files, and my own personal
12 knowledge, I make this declaration.

13 3. On or around February 8, 2024, Bashas' entered into the Agreement
14 with the Debtor. The Agreement provides that the Debtor is the "owner of and has
15 the obligation and authority" to install water dispensing machines (the "Water
16 Machines") at approximately 90 grocery stores operated by Bashas' in the states of
17 Arizona and New Mexico. A true and correct copy of the Agreement is attached
18 hereto as **Exhibit A**.

19 4. The Debtor has failed to abide by many of the material covenants in
20 the Agreement. Specifically, the Debtor has failed to (a) send a single monthly
21 statement to Bashas' that complies with the terms of the Agreement², (b) issue a
22 single monthly payment to Bashas' and (c) provide Bashas' with certificates of
23 insurance indicating that the Debtor has obtained the required insurance coverage
24 and has named Bashas' as an additional insured. The Debtor has also failed to
25

26 ² Rather, the Debtor has sent only an Excel spreadsheet that purports to serve as a "commission grid" and states the Debtor's grossly inaccurate calculations of the commissions due to Bashas'.

1 adequately maintain the Water Machines and failed to ensure that they are all
2 properly licensed for operation at all times. Bashas' is aware of at least 10
3 instances where a Water Machine placed at a Bashas' location has been "blue-
4 tagged" or "red-tagged" by the Arizona Department of Agriculture Weights and
5 Measures Services Division for, among other things, having been operated by the
6 Debtor without proper licensure, which means that such Water Machines are
7 deemed inoperable until the issues are addressed.

8 5. Bashas' is also aware of another instance where a Water Machine that
9 the Debtor had failed to maintain at a Bashas' location leaked substantial quantities
10 of water onto the ground around it, creating a "black ice" condition when the water
11 froze, which likely caused or contributed to an alleged "slip and fall" incident
12 involving a Bashas' customer. Because the Debtor has failed to provide Bashas'
13 any certificate of insurance, Bashas' is concerned that the Debtor may not have
14 obtained the required insurance and may not have an insurance policy that would
15 cover any losses that may arise from the incident.

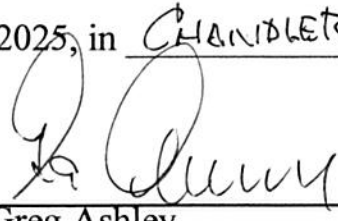
16 6. Due to the Debtor's breaches of the Agreement, Bashas' delivered a
17 Notice of Termination of the Agreement to the Debtor on October 24, 2024. A
18 true and correct copy of such Notice of Termination is attached hereto as
19 **Exhibit B**. Bashas' was unaware of the Debtor's bankruptcy proceeding at that
20 time, since the Debtor did not provide notice of such bankruptcy proceeding to
21 Bashas' until the Debtor's counsel served Bashas' with the Amended Notice of
22 Chapter 11 Bankruptcy Cases on or around January 2, 2025, which was received
23 by Bashas' on or around January 7, 2025.

24 7. Because many of Bashas' grocery store locations serve as the sole or
25 limited source of groceries and clean water for tribal lands in Arizona and New
26 Mexico, Bashas' had no choice but to remove and replace the Water Machines

1 with water dispensing machines that were operated and maintained by a reliable
2 vendor.

3 I declare under penalty of perjury under the laws of the United States of
4 America that the foregoing is true and correct.

5 Executed this 24th day of January, 2025, in CHANDLER, Arizona.

6
7
8 
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
Greg Ashley



WATER STATION LOCATION AGREEMENT

This Water Station Location Agreement ("Agreement") dated effective as of February 12, 2024 ("Effective Date") is entered into by and between Raley's Arizona LLC, herein referred to as "ACCOUNT", and WATER STATION MANAGEMENT LLC, herein referred to as "WSM", relates to the placement and operation of WSM's water vending machines, herein referred to as "WATERSTATION(s)", as follows:

WSM is the owner of and desires to place its WATERSTATION(s) at the premises owned or leased by ACCOUNT to sell processed water to the public on a self-serve basis or for ACCOUNT for in-store use, and ACCOUNT agrees to permit WSM to place WATERSTATION(s) at such premises under the terms and conditions of this Agreement.

1. WSM represents that it is the legal owner of and has the obligation and authority to install WATERSTATION(s) at ACCOUNT's Locations (as defined below). WATERSTATION(s) shall remain the sole and exclusive property of WSM, its successors or assigns.
2. ACCOUNT represents that it is the legal owner or authorized tenant of the subject stores, excluding the parking lots, listed on the Location List, attached hereto as Exhibit A ("Locations"). The parties understand and agree that the terms of this Agreement are applicable to the subject stores only and are not applicable to the parking lots of the subject stores. ACCOUNT warrants to WSM that (i) it has full authority to allow placement of subject WATERSTATION(s) at the Locations, or (ii) it will make a good faith effort to obtain authority to allow placement of subject WATERSTATION(s) at the Locations that it does not already have full authority for. If ACCOUNT is requested by a third party with rights to the subject location (e.g., landlord, property owner, etc.) to remove or relocate a WATERSTATION(s), ACCOUNT will notify WSM and WSM agrees to promptly comply with ACCOUNT's request subject to the \$100 fee set forth in Section 6.
3. Payment for Commissions shall be paid by WSM to ACCOUNT based on the information provided in the attached W-9 and remitted to the address located in the W-9. All Location agreements MUST complete a W-9 with Company information, otherwise payment cannot be made.
4. WSM agrees to incur the initial cost of permits, license, and water, electrical and drain connection and connection improvements necessary for the operation of the WATERSTATION(s) (collectively "Utilities"). For the avoidance of doubt, this includes, but is not limited to, providing, maintaining and repairing the WATERSTATION(s)'s electrical power cord and any and all tubing used to establish and maintain the water, electrical and drain connection between the WATERSTATION and the Location.
5. ACCOUNT shall provide continuous sources of water and electricity to the WATERSTATION(s) at ACCOUNT's expense to operate the WATERSTATION(s) during the term of this Agreement, unless ACCOUNT is temporarily unable to do so through no fault of its own.
6. ACCOUNT and WSM both acknowledge that their mutual success of water vending is dependent on a number of factors, not the least of which is the proper placement of the WATERSTATIONS at ACCOUNT's locations. ACCOUNT will determine the specific placement site of the WATERSTATIONS. If ACCOUNT requests that the WATERSTATION(s) be relocated to another site at ACCOUNT's location or removed, relocation costs will be deducted from subsequent Commissions earned by ACCOUNT. ACCOUNT shall be invoiced \$100 for such relocation or removal costs. If ACCOUNT requests a WATERSTATION to be relocated through no fault of WSM, then WSM and ACCOUNT will share equally the costs for providing Utilities for the new location (if they are needed).
7. To the extent permitted by law or any agreements between ACCOUNT and any other third party with rights to the subject location (e.g., landlord, property owner, etc.), starting March 4, 2024 and for the remainder of the Term, ACCOUNT hereby grants to WSM: (a) the exclusive right to place WATERSTATION(s) and sell processed water at the Locations for the Term of this Agreement; and (b) access to the WATERSTATION(s) on a 24/7 basis for such WATERSTATION(s) that are located outside of a Location and during ACCOUNT's business hours for such WATERSTATION(s) that are located inside of a Location. ACCOUNT will take reasonable steps to attempt to cause the prompt removal of any water vending equipment that provides substantially the same function as WSM's WATERSTATION(s). Starting March 4, 2024 and for the remainder of the Term, ACCOUNT agrees not to authorize placement of other water vending devices, either inside or outside of subject Locations; except that, for the avoidance of doubt, this provision does not apply to any Location's parking lot.
8. WSM retains exclusive maintenance, control and supervision over the WATERSTATIONS's LCD display and the decals that are displayed on the WATERSTATIONS and shall have the right to use the LCD display and to select, replace, and remove the decals on the WATERSTATION(S) as WSM sees fit so long as any and all LCD displays and decals are appropriate for all audiences and non-competitive with or negatively impact

ACCOUNT or the goods ACCOUNT sells. Notwithstanding the foregoing, if ACCOUNT notifies WSM that

it has a concern(s) about an LCD display(s) and/or decal(s) displayed on a WATERSTATION(s) violating this provision, WSM shall promptly remove the LCD display(s) and/or decal(s) at issue until the parties are able to resolve the concern at issue.

9. This Agreement shall commence on the Effective Date and shall remain in effect for an initial period of twenty-four (24) months ("Initial Term"). This Agreement shall automatically renew for additional twelve (12) month periods at the conclusion of the initial term or renewal term (each "Renewal Term") (collectively "Term").

- (a) Nothing in this Agreement precludes or hinders ACCOUNT's right to cease operating a Location. If ACCOUNT elects to cease operating a Location, ACCOUNT will notify WSM of its request that WSM remove or relocate the WATERSTATION(s) at that Location, WSM will promptly comply with ACCOUNT's request subject to the \$100 fee set forth in Section 6, and the Agreement will be terminated with respect to that Location only.
- (b) Nothing in this Agreement precludes or hinders ACCOUNT's right to enter into new lease(s) or lease amendment(s) with any other third party with rights to the subject location (e.g., landlord, property owner, etc.). If future lease(s) or lease amendment(s) change or impact ACCOUNT's ability to have a WATERSTATION(s) at a Location, ACCOUNT will notify WSM of its request that WSM remove or relocate the WATERSTATION(s) at that Location, WSM will promptly comply with ACCOUNT's request subject to the \$100 fee set forth in Section 6, and the Agreement will be terminated with respect to that Location only.
- (c) If ACCOUNT reports multiple issues with a WATERSTATION within a twelve (12) month period, ACCOUNT may elect to notify WSM of its request that WSM remove the applicable WATERSTATION from the applicable Location, in which case WSM will promptly comply with ACCOUNT's request at no expense to ACCOUNT, WSM will ensure that the WATERSTATION is not used at any other ACCOUNT Location, and, if ACCOUNT elects, the Agreement will be terminated only with respect to the Location at which the WATERSTATION was located ("Location Termination").
- (d) This Agreement may be terminated in its entirety by ACCOUNT if ACCOUNT has elected the Location Termination option four (4) or more times within a twelve (12) month period.
- (e) During a Renewal Term, this Agreement may be terminated by ACCOUNT for any or no reason upon sixty (60) days written notice.

10. Revenue will be collected by WSM for the inside and outside WATERSTATIONS and shared with ACCOUNT in the form of a commission. The Commission shall be calculated in accordance with the commission schedule identified below. Commission shall also be net of any sales/use tax imposed by regulatory agencies.

57.5% revenue to the Company

11. WSM agrees to issue a monthly statement to ACCOUNT for Commission from the previous month no later than five (5) calendar days after the end of such previous month, setting forth in reasonable detail how it calculated the Commission; and issue payment to ACCOUNT for such Commission no later than ten (10) calendar days after the end of such previous month.

12. After receipt of a request from ACCOUNT, WSM shall timely produce documents requested by ACCOUNT relating to gross sales of the products sold from the WATERSTATIONS.

13. WSM will provide evidence to ACCOUNT of Commercial General Liability Insurance, when combined with umbrella coverage, of not less than \$2,000,000 Combined Single Limit and \$4,000,000 aggregate for Bodily Injury, Death, and/or Property Damage; this insurance shall name "Raley's Arizona LLC, and its affiliates and trade names as now exist or may be constituted hereafter and their directors, officers, employees, agents and representatives" as additional insureds. WSM will also provide evidence to ACCOUNT of Workers' Compensation Insurance in statutory minimum amounts with Employer's Liability limits of \$1,000,000; as well as Automobile Liability Insurance for bodily injury and property damage in an amount not less than \$1,000,000 for each accident (including owned, non-owned and hired vehicles).

14. WSM shall, at its own cost and expense, indemnify, defend and hold harmless ACCOUNT, its affiliates, and their respective directors, officers, employees, and agents, from and against any and all losses, damages, liabilities, penalties, claims, demands, suits or actions, and related costs and expenses of any kind, including, without limitation, expenses of investigation, attorney's fees, judgments and settlements, for injury to or death of any person, property damage or any other loss suffered or allegedly suffered by any person or entity and arising out of or otherwise in connection with the activities or business of WSM, any WSM employee or contractor, or the WATERSTATION(s), unless due to ACCOUNT's gross negligence or willful misconduct. ACCOUNT shall give WSM prompt notice, in writing, of all such claims or actions instituted against it. ACCOUNT will provide reasonable cooperation as requested by WSM and WSM shall not consent to the entry of any judgment imposing any judgment against ACCOUNT nor enter into any settlement with respect to any claim without ACCOUNT's written consent (not to be unreasonably

withheld) unless the judgment or proposed settlement involves only the payment of money damages to be paid solely by WSM or its insurance carrier and does not impose any liability, penalty or equitable remedy

upon ACCOUNT, its affiliates, and/or their respective directors, officers, employees, and/or agents.

15. At no cost to ACCOUNT, WSM agrees to service, operate, and maintain the WATERSTATIONS in first-class manner and in full compliance with all health and safety regulations of governmental authorities pertaining to water quality and in full compliance with the Americans with Disabilities Act. WSM agrees to maintain in full force and effect any permits or licenses required by governmental authorities to sell vended water.
- (a) WSM agrees that upon a report from ACCOUNT that there is an issue with a WATERSTATION(s), as determined by ACCOUNT in its sole discretion, WSM will, at no cost to ACCOUNT, either make any repairs and adjustments necessary or replace the WATERSTATION(S) with a new one no later than either: (i) twelve (12) calendar days from when ACCOUNT sent the report to WSM if the issue ACCOUNT reported was only cosmetic; or (ii) no later than forty-eight (48) hours from when ACCOUNT sent the report to WSM if the issue ACCOUNT reported was non-cosmetic or both cosmetic and non-cosmetic.
16. WSM and ACCOUNT will mutually determine the retail sales price for vended water at the subject locations based on the competitive market surrounding each location; provided that, if the parties cannot agree, ACCOUNT will determine the retail sales price. WSM and ACCOUNT will mutually agree whether a WATERSTATION, once placed at a location, is sufficiently profitable to merit continued operation at the applicable Location. If WSM and ACCOUNT determine that a WATERSTATION is not sufficiently profitable, the WATERSTATION shall be removed from the location by WSM at no cost to ACCOUNT and this Agreement will be terminated with respect to that Location only.
17. This Agreement is the entire agreement between the ACCOUNT and WSM. It replaces and supersedes any and all prior oral or written agreements between ACCOUNT and WSM. This Agreement, including any modifications and amendments, may only be amended by a written instrument executed by all parties hereto.
18. This Agreement will be governed under the internal laws of the State of Arizona without reference to the conflicts of law provisions thereof. Any action to enforce the terms of this Agreement shall be brought in the federal or state courts located in Maricopa County, Arizona.
19. Confidentiality: Neither party may disclose, reveal, use or by whatever means make available, except as required to perform its obligations pursuant to the Agreement, information of the other party or terms of this Agreement.
20. The parties may assign this Agreement without prior notice to the other party. This Agreement shall be binding on and inure to the benefit of the parties' and their respective successors and assigns.
21. All notices, requests, claims, demands and other communications between the parties shall be in writing. All notices shall be given (i) by delivery in person (ii) by a nationally recognized next day courier service, or (iii) by first class, registered or certified mail, postage prepaid to the address of the party specified in this Agreement or such other address as either party may specify in writing. All notices shall be effective upon (i) receipt by the party to which notice is given, or (ii) on the fifth (5th) day following mailing, whichever occurs first:

OWNER NAME	Raley's Arizona LLC Attn: General Counsel
OWNER EMAIL	bashaslegal@bashas.com
OWNER ADDRESS #	2650 West Geronimo Place Chandler, AZ 85224

WaterStation Management, LLC
2732 Grand Avenue, Suite 122
Everett, WA 98201

22. Name of Locator(s) assigned to this contract by WSM.
- _____

Executed copies of this Agreement may be delivered by electronic mail, courier, facsimile, or hand delivery, and be deemed an original.

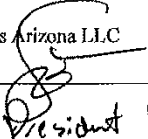
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representative as of the Effective Date.

Ralcy's Arizona LLC

By: _____

Its: _____

Dated: _____


President Ralcy's

Water Station Management LLC

By: _____

Its: _____

Dated: _____

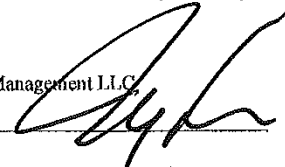

MANAGING MEMBER
2/8/2024

Exhibit A
Location List

If the parties want to add or remove stores from this Location List after the Effective Date of the Agreement, the parties agree to enter into an amendment to update this Exhibit A.

Store No.	Store Format	Phone #	Address	City
2	Bashas'	480-898-3352	339 E. Brown	Mesa
10	Bashas'	480-969-1368	1342 E. Main St.	Mesa
11	Bashas'	480-496-8191	4855 E. Warner Rd.	Phoenix
12	Food City	602-267-7201	2124 E. McDowell Rd.	Phoenix
15	Bashas'	602-996-1040	10631 N. 32nd Street	Phoenix
16	Bashas'	480-948-8110	8423 E. McDonald Dr.	Scottsdale
17	Bashas'	520-725-3476	P.O. Box 840, BIA Rte. 4 & Rte. 41	Pinon
18	Bashas'	520-774-3882	2700 S. Woodlands Village Blvd.	Flagstaff
21	Bashas'	520-836-8841	1162 E. Florence Blvd.	Casa Grande
25	Food City	480-834-3594	450 E. Southern Ave.	Mesa
26	Food City	480-857-2198	1005 N. Arizona Ave.	Chandler
27	Bashas'	602-257-0035	P.O. Box 3065, Topawa Rd.	Sells
28	Bashas'	925-282-5351	160 Coffee Pot Dr.	Sedona
30	Bashas'	928-757-7162	3360 Andy Devine Dr.	Kingman
32	Bashas'	505-368-4248	US-64 and US 491	Shiprock NM
33	Bashas'	928-674-3465	P.O. Box 1060, Hwy 191	Chinle
34	Bashas'	928-688-4000	1022 US-191	Sanders
35	Bashas'	928-871-3322	P.O. Box Hwy 3120, Hwy 264 & NR 12	Window Rock
36	Bashas'	928-283-5250	P.O. Box 65, Hwy 160 & 264	Tuba City
37	Bashas'	928-634-4281	P.O. Box 427, 1502 E. Hwy 89A	Cottonwood
40	Bashas'	520-428-6238	2323 W. Hwy 70	Thatcher
41	Food City	480-425-5580	1845 N. Scottsdale	Tempe

42	Bashas'	928-697-8176	P.O. Box 1810, Hwy 160 & 163	Kayenta
43	Bashas'	480-802-7180	10325 E. Riggs Rd.	Sun Lakes
46	Bashas'	480-279-5700	23760 S. Power Rd.	Queen Creek
47	Bashas'	480-837-1750	16605 E. Palisades	Fountain Hills
48	Bashas'	480-839-9778	1761 E. Warner Rd.	Tempe
49	Bashas'	928-567-4585	P.O. Box 3958, 565 1st, Finnie Flat Rd.	Camp Verde
51	Bashas'	480-396-8098	1122 N. Higley	Mesa
52	Bashas'	520-575-7300	15310 N. Oracle	Tucson
53	Bashas'	928-536-2050	P.O. Box 749, 650 N. Main	Taylor
54	Bashas'	928-474-4495	142 E. Highway 260	Payson
55	Bashas'	928-684-2831	275 N. Tegner #17	Wickenburg
60	Food City	520-287-4675	450 N. Grand Court Plaza	Nogales
65	Bashas'	928-669-2300	1020 Arizona Ave.	Parker
66	Bashas'	480-488-1797	36889 Tom Darlington	Carefree
67	Bashas'	928-774-2101	1000 N. Humphreys #112	Flagstaff
69	Bashas'	520-887-1343	3923 N. Flowing Wells	Tucson
71	Bashas'	520-299-0633	6900 E. Sunrise	Tucson
73	Bashas'	480-830-7900	2864 N. Power Rd.	Mesa
77	Food City	520-879-7760	2950 S. 6th Ave.	Tucson
79	Bashas'	520-744-4488	8360 N. Thornydale Rd.	Tucson
82	Bashas'	480-474-9401	5310 E. Superstition Mtn. Blvd.	Gold Canyon
83	Food City	623-925-1725	323 E. Main Street	Avondale
88	Bashas'	928-367-2004	P.O. Box 16991753 E. White Mtn. Blvd.	Pinetop
92	Bashas'	928-865-1820	172 Plaza	Morenci
93	Food City	623-925-1515	1450 N. Dysart Rd.	Avondale
95	Food City	602-222-2500	1940 W. Indian School Rd.	Phoenix
98	Bashas'	928-657-3668	NE Corner Navajo Rt. 15 &	Dilkon

			Rt. 60	
99	Bashas'	480-513-7560	10111 E. Bell Rd.	Scottsdale
102	Bashas'	623-537-2321	20351 N. Lake Pleasant Rd.	Peoria
103	Food City	602-278-2402	4239 W. McDowell Rd.	Phoenix
104	Food City	602-253-0087	3202 E. Greenway	Phoenix
105	Food City	602-420-9925	3514 W. Glendale Ave.	Phoenix
107	Food City	602-243-6770	7227 S. Central Ave.	Phoenix
108	Food City	928-855-3800	1799 Kiowa Ave.	Lake Havasu
109	Bashas'	520-836-4400	21044 N. John Wayne Parkway	Maricopa
110	Bashas'	480-357-3300	1133 N. Ellsworth Rd.	Mesa
111	Food City	520-459-5005	800 E. Fry Blvd.	Sierra Vista
113	Bashas'	602-652-9520	731 E. Union Hills Rd.	Phoenix
114	Food City	928-782-3821	1240 W. 8th Street	Yuma
116	Bashas'	928-854-9550	3269 Maricopa Ave.	Lake Havasu
121	Bashas'	928-333-0177	150 N. Main	Eager
123	Food City	480-827-7600	822 S. Alma School Rd.	Mesa
124	Food City	928-343-0840	2600 W. 16th St.	Yuma
128	Bashas'	623-975-6220	13940 W. Meeker Blvd.	Sun City
130	Bashas'	623-547-2320	5115 N. Dysart Rd.	Litchfield Park
132	Food City	602-272-0652	2709 W. Van Buren	Phoenix
133	Food City	520-323-2591	3030 E. 22nd St.	Tucson
135	Food City	602-278-2005	5114 W. McDowell	Phoenix
136	Food City	520-792-3494	1225 W. St. Mary's	Tucson
137	Bashas'	480-507-7280	15367 W. Waddell	Surprise
139	Food City	520-573-7060	1740 W. Ajo Way	Tucson
140	Food City	623-849-5580	6544 W. Thomas	Phoenix
142	Food City	623-939-2024	6020 N. 59th Ave.	Glendale
143	Food City	602-275-2141	4430 E. McDowell Rd.	Phoenix

149	Food City	602-249-4184	6025 N. 27th Ave.	Phoenix
152	Food City	602-438-4647	4727 E. Southern Ave.	Phoenix
154	Food City	623-872-6200	9020 W. Thomas Rd.	Phoenix
155	Bashas'	480-354-2798	9925 E. Baseline Rd.	Mesa
156	Food City	520-434-6920	1221 W. Irvington Rd.	Tucson
157	Food City	480-456-3201	725 W. Baseline Rd.	Tempe
158	Bashas'	602-222-1820	5521 N. 7th St.	Phoenix
160	Bashas'	520-690-3680	2000 W. River Rd.	Tucson
161	Bashas'	480-883-2240	4940 S. Gilbert Rd.	Chandler
162	Food City	602-305-3360	845 W. Southern Ave.	Phoenix
165	Food City	520-807-0413	428 W. Valencia	Tucson
171	Food City	520-434-2455	200 E. Irvington	Tucson
172	Bashas'	480-926-5222	99 S. Higley	Gilbert



The Raley's Companies

October 24, 2024

VIA FEDEX AND EMAIL

WaterStation Management, LLC
Attn: Ryan Wear
2732 Grand Avenue, Suite 122
Everett, WA 98201
Ryan.Wear@waterstationtechnology.com

Re: Notice of Termination of Water Station Location Agreement

Dear Mr. Wear:

As previously stated, I am counsel for Raley's Arizona LLC d/b/a Bashas' ("**Bashas'**"). If WaterStation Management, LLC ("**WSM'**") is represented by counsel, please forward this correspondence to WSM's legal representative.

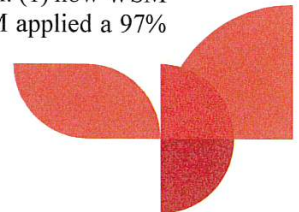
Bashas' hereby notifies WSM that it is in material breach of, and has failed to perform its obligations under, Sections 10 and 11 of the Water Station Location Agreement ("**Agreement'**").

For the reasons summarized below, Bashas' hereby provides WSM with notice that it is terminating the Agreement due to WSM's breach of the Agreement. **The effective termination date shall be December 1, 2024.**

A. WSM Has Yet to Send Bashas' A Single Monthly Statement.

Per Section 11 of the Agreement, WSM agreed "to issue a monthly statement to [Bashas'] for Commission from the previous month no later than five (5) calendar days after the end of such previous month." WSM agreed that the monthly statements must set "forth in reasonable detail how it calculated the Commission." Even though the Agreement has been effective for more than eight months, Bashas' has yet to receive any monthly statement.

WSM tried to partially satisfy these requirements by providing Bashas' with a commission grid, but such an attempt does not satisfy the monthly statement requirement, is untimely, and *still* does not address, or even attempt to address, the outstanding September monthly statement. After Bashas' sent WSM a correspondence on October 15, 2024 demanding such commission statements ("**Demand Letter'**"), Catherine Rhodes, on behalf of WSM, sent Bashas' an Excel spreadsheet with a tab for each month from March 2024 through August 2024, which WSM claims details commissions WSM owes Bashas' during that period. In her October 21, 2024 and October 22, 2024 emails, Ms. Rhodes refers to this Excel spreadsheet as a "commission grid." The commission grid, however, is not a monthly statement. It is, at best, a summary of commissions WSM claims it owes Bashas'. Even if WSM was attempting to satisfy the commission statement requirement by providing the commission grid, the commission grid falls short. The Agreement requires that a monthly statement set in reasonable detail how WSM calculated the commission, which the commission grid does not do. At a minimum, the commission grid does not detail: (1) how WSM obtained the total amounts listed in the "Cash" and "Credit" columns; and (2) why WSM applied a 97%



2650 W GERONIMO PLACE, CHANDLER, ARIZONA 85224 • 480-895-9350



deduction to the amounts in the "Total" column, which is the column noting the revenue that WSM allegedly collected. Additionally, even if the commission grid satisfied the monthly statement requirement, which it does not, the commission grid *still* has not been submitted within the timeframe required by the Agreement and *still* does not address, or even attempt to address, the outstanding monthly statement for September.

B. WSM Has Not Submitted a Single Monthly Payment to Bashas'.

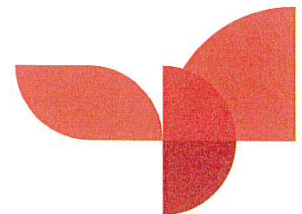
In the Agreement, WSM agreed to "issue payment to [Bashas'] for such Commission no later than ten (10) calendar days after the end of such previous month." See Section 11 of the Agreement. Nonetheless, Bashas' has yet to receive *any* monthly commission payment. This is the case even though the Agreement has been effective for more than eight months, Bashas' has made informal attempts to resolve its concerns, and Bashas' sent WSM the Demand Letter providing WSM with a final opportunity to comply with the Agreement by October 22, 2024 ("**Demand Letter**").

Notably, WSM half-hearted attempts to promise to pay are not the equivalent of remitting payment to Bashas'. After Bashas' sent WSM the Demand Letter, Ms. Rhodes sent an email on October 21, 2024, asserting that "We currently have a new CRO in place and structure within our company. The next two weeks we will be meeting to discuss outstanding amounts owed and will have a plan in place here shortly." Interestingly, the very next day at 7:35 p.m. (i.e. *the evening of the deadline in the Demand Letter*), Ms. Rhodes then sent an email stating, "I have confirmed we would like to send payment ASAP, do you have wiring instructions?". WSM, however, still did not send the outstanding payments to Bashas' and the offer to wire such payments is inconsistent with the Agreement, which requires that WSM remit payment to Bashas' location. See Section 3 of the Agreement. Also, the amounts Ms. Rhodes allegedly intended to pay Bashas' for March through August 2024 were only \$5,533.73, which is a gross underestimate (as explained in more detail in Section C below). Furthermore, Ms. Rhodes' promise of future pay still excluded the outstanding amounts WSM owed from September. Ms. Rhodes admitted that she had not yet received the amounts allegedly owed to Bashas' from September and promised to pay those amounts at some future unspecified date.

C. The Amounts WSM Claims It Owes Bashas' Are Shockingly Underestimated and Calculated in Contravention of the Agreement.

WSM agreed to collect all revenue from WSM's water vending machines in the amount of "57.5% revenue to [Bashas']" and "net of any sales/use tax imposed by regulatory agencies." See Section 10 of the Agreement. Nonetheless, as summarized in the commission grid, WSM claims that it only owes Bashas' the following amounts, which are approximately 1.73% the revenue WSM allegedly collected:

1. March 2024 – \$344.18 out of the \$19,952.35 WSM allegedly collected;
2. April 2024 – \$869.26, even though WSM allegedly collected \$50,392.04;
3. May 2024 – \$1,076.00 out of the \$62,376.87 WSM supposedly collected;
4. June 2024 – \$1,001.32, even though WSM allegedly collected \$58,047.37;
5. July 2024 – \$1,103.78 out of the \$63,987.16 WSM allegedly collected; and
6. August 2024 – \$1,139.19, even though WSM claims it collected \$66,040.13.



2650 W GERONIMO PLACE, CHANDLER, ARIZONA 85224 • 480-895-9350



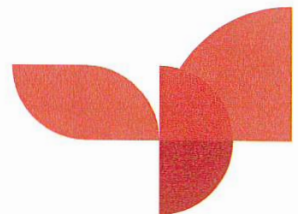
It appears that these numbers are grossly underestimated because WSM applied a 97% deduction to the revenue it claims it collected and from that remaining amount applied the 57.5% commission fee that Bashas' is owed. Specifically, the commission grid includes a "Total" column for the revenue WSM allegedly collected from each of Bashas' stores each month. The grid also includes a "Total Payable" column, which lists the amounts in the "Total" column after a 97% deduction is made. It is not clear why WSM applied such a drastic deduction. The only deduction the Agreement authorized WSM to make from the revenue it collected was for "sales/use tax imposed by regulatory agencies," which is most certainly not 97%. This drastic deduction resulted in very low amounts in the "Total Payable" column. WSM added a "Total Payable 57.5%" column, which is 57.5% of the amounts in the "Total Payable" column. WSM contends that the amounts in this "Total Payable 57.5%" column are the amounts owed to Bashas'. As just one example, for Store Number 102 in August 2024, WSM claims it collected \$483.80 in revenue (Total), that \$14.51 is the portion left after deducting 97%, which is the amount the parties are to share (Total Payable), and that Bashas' is therefore owed \$8.35 (Total Payable 57.5%). This is nonsensical and not supported by the Agreement the parties negotiated.

This notice is without prejudice to any of Bashas' rights, powers, privileges, remedies, and defenses, now existing or hereafter arising, all of which are hereby expressly reserved. Should you have any questions, please contact me at rbujanda@bashas.com or (480) 496-1737.

Sincerely,


Rubi Bujanda
Associate Corporate Counsel

CC: Catherine Rhodes via email only (catherine.rhodes@waterstationtechnology.com)



2650 W GERONIMO PLACE, CHANDLER, ARIZONA 85224 • 480-895-9350

1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
20
21
22
23
24
25
26

DATED: January 24, 2025.

/s/ Bryan T. Glover
Bryan T. Glover, WSBA No. 51045
600 University Street, Suite 3600
Seattle, WA 98101
T. (206) 624-0900
Email: bryan.glover@stoel.com

*Attorneys for Creditor,
Raley's Arizona LLC d/b/a Bashas'*